# GOVERNMENT OF INDIA
# AGRO AND RURAL INDUSTRIES
# LOK SABHA

UNSTARRED QUESTION NO:4098
ANSWERED ON:25.08.2004
CLOSING DOWN OF COTTAGE INDUSTRIES
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**Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:**

(a): whether various cottage industries functioning in different parts of the country are closing down as their products even fail to get their cost price in the market as a result of which they are incurring loss; and

(b): if so, the measures being taken by the Government to save these cottage industries as swell as provide employment to the people rendered jobless due to closure of these industries alongwith the present actual position in this regard?

## Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES ( SHRI MAHABIR PRASAD )

(a)&(b): No, Sir. The Khadi and Village Industries sector consists essentially of traditional rural cottage industries. With the support to this sector through various developmental schemes of the Khadi and Village Industries Commission (KVIC) like Rebate, Interest subsidy Eligibility Certificate Scheme(ISEC) and Rural Employment Generation Programme(REGP), the value of production and employment in the KVI sector has been increasing over the past three years as shown below:

Value (Rs. in crores) and Employment (in lakh persons)

| | Year | Production | | | Employment | | |
|---|---|---|---|---|---|---|---|
| | | Khadi Value | V.I. Value | Total | Khadi | V.I. | Total |
| 1 | 2001-2002 | 416.69 | 7140.52 | 7557.21 | 8.48 | 54.16 | 62.64 |
| 2 | 2002-2003 | 443.07 | 8126.30 | 8569.37 | 8.58 | 57.87 | 66.45 |
| 3 | 2003-2004 (P) | 451.93 | 9263.98 | 9715.91 | 8.61 | 62.57 | 71.18 |

Further, in order to strengthen the traditional industries sector, the Government on the basis of the National Common Minimum Programme(NCMP) and Budget 2004-05, has set up a Fund, with an initial allocation of Rs. 100 crores for the modernization of Traditional Industries like coir, pottery, cottage industries etc. during 2004-05. Besides the Government has also drawn up an action Plan to revamp the functioning of KVIC. It is expected that the rural industry sector will get further strengthened through these measures.